

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09 SSO-00

NSCE-00 USIE-00 INRE-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 XMB-02 OIC-02

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O R 281853Z APR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 0619

INFO AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BUJUMBURA

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY ADDIS ABABA

AMEMBASSY ACCRA

AMEMBASSY GUATEMALA

AMEMBASSY CONAKRY

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

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AMEMBASSY YAOUNDE

AMEMBASSY BANGUI
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AMEMBASSY KINSHASA
AMEMBASSY LAGOS
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USMISSION GENEVA
USMISSION EC BRUSSELS
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AMEMBASSY ROME
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E.O. 11652: N/A

TAGS: OCON, ETRD, EAGR

SUBJ: COFFEE: FINAL DAY OF WG ON NEGOTIATION OF NEW ICA

REF: LONDON 6255

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1. SUMMARY. REFTEL SUMMARIZED PROCEEDINGS OF MOST OF THE SECOND AND FINAL WEEK OF THE APRIL 14-25 SERIES OF MEETINGS OF THE WORKING GROUP ON NEGOTIATION OF A NEW INTERNATIONAL COFFEE AGREEMENT (WG). THIS CABLE REPORTS THE FINAL PLENARY SESSION OF THE WG, HELD THE AFTERNOON OF APRIL 25, AN IMPORTANT SESSION SINCE IT WAS THE LAST MEETING OF THE WG BEFORE THE INTERNATIONAL COFFEE COUNCIL (ICC) MEETING, SCHEDULED JUNE 24-JULY 11

FOR THE PURPOSE OF NEGOTIATING A 3RD INTERNATIONAL COFFEE AGREEMENT (ICA). AS SUCH IT PROVIDED INSIGHTS OF HOW DELEGATIONS VIEWED THE PREPARATORY WORK UNDERTAKEN SO FAR THIS YEAR AND PROSPECTS FOR THE ICC. DESPITE THE FACT THAT THE WG DID NOT SUCCEED IN PRODUCING A DRAFT TEXT, MOST DELEGATIONS APPEARED REASONABLY ENCOURAGED BY THE DISCUSSIONS AND PROSPECTS FOR SUCCESSFUL NEGOTIATIONS. PORTUGAL AND MEXICO, HOWEVER, EXPRESSED PESSIMISM, WHILE THE OAMCAF DELEGATE NOTED THAT THE AFRICAN COUNTRIES HE REPRESENTED WERE "NEITHER OPTIMISTIC NOR PESSIMISTIC." BRAZIL AND COLOMBIA, AND THE US MADE ENCOURAGING PRESS STATEMENTS. A TECHNICAL SUB-GROUP ON INTERNATIONALLY CONTROLLED STOCKS, FORMED LATE THURSDAY TO FOCUS ON TECHNICAL ASPECTS, DID LITTLE MORE THAN SCRATCH SURFACE DUE TO TIME LIMITATIONS. END SUMMARY.

2. THE FINAL PLENARY OF THE WG WAS DEVOTED TO (A) AN ORAL REPORT BY THE CHAIRMAN OF THE TECHNICAL SUB-GROUP ON INTERNATIONALLY CONTROLLED STOCKS, (B) THE DRAFT REPORT OF THE WG TO THE ICC, AND (C) A BRIEF DISCUSSION OF THE POINTS WHICH THE CHAIRMAN INTENDS TO INCLUDE IN HIS SUMMARY REPORT OF THE PAST TWO WEEK'S WORK. CONCERNING (A), THE STOCKS SUB-GROUP WAS SET UP ONLY AT THE LAST MINUTE AND AFTER CONSIDERABLE DISCUSSION TO ASSURE THAT ITS FUNCTION WOULD BE PURELY TECHNICAL AND NOT GEZ INTO POLICY QUESTIONS. THE SUB-GROUP CHAIRMAN REPORTED THAT WIDE-RANGING DISCUSSION OF PROBLEMS TO BE DEALT WITH IN ESTABLISHING AN INTERNATIONAL GUARANTEE STOCK HAD TAKEN PLACE, BUT NOTED DISCUSSION ONLY SCRATCHED SURFACE. THE SUB-GROUP ADDRESSED ECONOMICALLY FEASIBLE QUANTITY FOR A STOCK UNDER INTERNATIONAL CONTROL, QUALITY CONSIDERATIONS, DESIRABLE STOCK LIMITED OFFICIAL USE

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LOCATIONS, AND VERIFICATION. HOWEVER, OTHER THAN CONCLUDING THAT ADEQUATE WAREHOUSING ALREADY EXISTS IN PRODUCER COUNTRIES AND ELSEWHERE, FEW CONCLUSIONS WERE

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REACHED. PROBLEMS SUCH AS FINANCING, STOCK ROTATION,
MANNER OF BUILDING AND RELEASING COFFEE FROM STOCK,
OWNERSHIP AND CONTROL WERE NOT CONSIDERED.

3. THE DRAFT REPORT OF THE WG TO THE COUNCIL OCCASIONED
CONSIDERABLE DISCUSSION REGARDING WHAT HAD BEEN ACCOM-
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PLISHED DURING THE SERIES OF WG MEETINGS WHICH BEGAN ON
JANUARY 6, AND THE OUTLOOK FOR THE ICC NEGOTIATING
MEETINGS TO START JUNE 11. THE REPORT ITSELF, DRAFTED
BY THE CHAIRMEN OF THE ICC (SHARPE--CANADA) AND THE
EXECUTIVE BOARD (FALLA CACERES--EL SALVADOR), AND THE
EXECUTIVE DIRECTOR, WAS A BRIEF, NEUTRALLY WORDED
STATEMENT TO THE EFFECT THAT THE WG HAD NOT BEEN ABLE
TO PREPARE A DRAFT TEXT OF A NEW AGREEMENT WITHIN THE
TIME LIMITS SET, BUT WOULD BE WILLING TO CONTINUE ITS
EFFORTS SHOULD THE ICC SO DECIDE. PORTUGAL (MEDINA)
KICKED OFF DEBATE, SUPPORTED BY MEXICO (CANTU), WITH A

PESSIMISTIC STATEMENT TO EFFECT THAT PROGRESS HAD BEEN MADE ONLY ON DETAILS AND MINOR POINTS, WITH MAJOR POINTS STILL OUTSTANDING. BRAZIL (RAFFAELLI) COUNTERED BY READING A STATEMENT ON BEHALF OF THE BRAZILIAN AND COLOMBIAN DELEGATIONS, REFERRING TO THE WG MEETINGS AS "POSITIVE" AND "A LARGE STEP FORWARD." US SECONDED BRAZIL/COLOMBIAN VIEW, SUGGESTING THAT DRAFT REPORT NEEDED A MORE POSITIVE TONE, WHILE OAMCAF (N'DIA) OBSERVED THAT ALTHOUGH PROGRESS HAD BEEN MADE DUE TO THE GOODWILL OF ALL CONCERNED, OAMCAF WAS NEITHER PARTICULARLY OPTIMISTIC NOR PESSIMISTIC ABOUT PROSPECTS FOR A NEW AGREEMENT. UPSHOT WAS THAT, AFTER VARIOUS TEXTUAL SUGGESTINGS HAD BEEN CONSIDERED, NEUTRAL TONE OF DRAFT WAS ALTERED TO GIVE A SOMEWHAT MORE POSITIVE TONE. DURING COURSE OF DEBATE IT WAS DECIDED THAT IT WOULD BE NEITHER PRACTICAL, BECAUSE OF SCHEDULING CONFLICTS, NOR DESIRABLE TO ATTEMPT TO SCHEDULE AN ADDITIONAL WG SESSION PRIOR TO THE ICC MEETING.

4. DISCUSSION OF THE POINTS TO GO INTO THE CHAIRMAN'S SUMMARY OF THE LATEST WG MEETINGS WAS NONCONTROVERSIAL. THIS WILL BE ISSUED LATER AS A WRITTEN REPORT AND PROBABLY WILL BE LITTLE MORE THAN A RECOUNTING OF EVENTS OF THE PAST TWO WEEKS.

5. COMMENT. THE SIGNIFICANCE OF THE FINAL PLENARY WAS NOT THE ASSESSMENT OF WORK DONE OR LEFT UNDONE, BUT IN THE TONE THAT LARGER MEMBERS WANTED TO PUT ON THIS SERIES OF MEETINGS. IN SOME EIGHT WEEKS SINCE JANUARY 6 OF EXHAUSTING DEBATE, LITTLE MORE OF A LIMITED OFFICIAL USE

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TANGIBLE NATURE HAS BEEN ACHIEVED THAN DEFINITION OF PARAMETERS OF PROBLEMS. NEVERTHELESS, THERE IS NOW NO DOUBT THAT A GENERAL WILL EXISTS FOR WORKING OUT A NEW AGREEMENT, AND THIS ALONE SHOULD CONTRIBUTE TOWARD A FAVORABLE SETTING FOR NEGOTIATIONS IN JUNE-JULY. BRAZIL AND COLOMBIA ISSUED AN OPTIMISTIC PRESS STATEMENT AT THE END OF THE PLENARY, AND REMARKS TO THE PRESS BY THE US AND OTHERS WERE ALSO ENCOURAGING.

6. TO THE EXTENT THAT SOME DELEGATES WERE PESSIMISTIC, THIS MAY BE PRIMARILY A REFLECTION OF THE PRODUCERS FAILURE SO FAR TO RECONCILE THEIR OWN DIFFERENCES (PARTICULARLY AS REGARDS THE OTHER MILDS) AND AN UNEASE ON THE PART OF SMALLER PRODUCERS REGARDING WHAT LARGER MEMBERS MAY WORK OUT AMONG THEMSELVES BETWEEN NOW AND JUNE. EVERYONE KNOWS THAT NO AGREEMENT IS POSSIBLE UNTIL THE "BIG BOYS" CAN REACH CONSENSUS ON KEY POINTS, BUT THIS FACT OF INTERNATIONAL COFFEE LIFE IS STILL A

BITTER PILL IN THE TAKING.

RICHARDSON

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Secure: OPEN
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